

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 OPIC-03 EB-07 AGR-05 COME-00 CIAE-00

INR-07 NSAE-00 TRSE-00 XMB-02 /035 W

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R 191005Z AUG 75

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 1603

LIMITED OFFICIAL USE ISLAMABAD 07591

FOLLOWING MSG RECD FROM LAHORE 19 AUG 75 ACTION ISLAMABAD

INFO KARACHI IS H/W RPTD FOR YOUR ACTION:

QUOTE:

LIMITED OFFICIAL USE LAHORE 0962

E.O. 11652: N/A

TAGS: EFIN, BTRA, PK

SUBJECT: RAFHAN MAIZE STRATEGY FOR APPEALING OPIC LOAN TURNDOWN

REF: LAHORE 0934

1. DURING QUIET LUNCH WITH RAFHAN MANAGER DONALD FENN AT HIS LYALLPUR FACTORY AUGUST 16, I RECEIVED FOLLOWING ACCOUNT OF COMPANY'S CURRENT APPROACH IN SEEKING REVERSAL OF STATE BANK TURNDOWN OF PROPOSED OPIC LOAN.

2. FOLLOWING HIS CONVERSATION WITH BOSTWICK HERE JULY 31, FENN TRAVELED TO KARACHI TO MEET TRANSITTING CORN PRODUCTS COMPANY DIRECTOR (TULANE UNIVERSITY PRESIDENT), AND TO DISCUSS LOAN IMPASSE WITH CONTACTS IN MINISTRY OF INDUSTRIES DEPARTMENT OF IP&S AND STATE BANK. HE HAS DECIDED TO RELY ON AN IP&S "BOARD MEMBER" -- UNNAMED BUT SAID TO BE AN AGRONOMIST SYMPATHETIC TOWARD RAFHN'S ACCELERATED MAIZE PROCUREMENT PROGRAM AND WHOSE SON HAPPENS TO BE AGRONOMIST

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EMPLOYED BY RAFHAN -- TO PRESS APPEAL WITH STATE BANK AND

CENTRAL GOVERNMENT. (FENN IS NOT COUNTING ON FRIENDS IN EXCHANGE CONTROL DEPARTMENT OF STATE BANK WHO APPEAR POWERLESS AGAINST THOSE IN BANK OPPOSED TO LOAN.) RAFHAN WILL TAKE UP CASE DIRECTLY WITH GOP ONLY IF IP&S EFFORTS FAIL.

3. FENN ADDED THAT HE UNDERSTOOD SENIOR OFFICIAL OF PREMIER TOBACCO HAS HIGH-LEVEL APPOINTMENT IN ISLAMABAD LATER THIS WEEK TO APPEAL TURNDOWN OF ITS LOAN. FENN SAID KARACHI FRIENDS HAD ADVISED HIM TO JOIN PREMIER IN THIS APPROACH, BUT HE WAS HOLDING OFF UNLESS AND UNTIL INVITED BY PREMIER.

4. I TOOK OPPORTUNITY TO INSPECT RAFHAN MAIZE OPERATION AND MUST SAY I WAS VERY FAVORABLY IMPRESSED WITH APPARENT MERITS OF PROPOSED OPIC LOAN DESIGNED TO HELP RAFHAN ACCELERATE ITS PLANS TO EXPAND AND REGULARIZE PROCUREMENT OF ITS MAIN RAW MATERIAL, CORN. LOAN WOULD HELP INCREASE PRODUCTION OF HIGHLY-DESIRED HYBRID CORN, PLACE SHUCKING MACHINES AT PROCUREMENT POINTS TO SIMPLIFY SHIPPING TO FACTORY, AND PROMOTE PRODUCTION OF "SPRING CORN" TO PERMIT MORE EVEN FLOW OF RAW MATERIAL TO FACTORY (AND MORE BALANCED CASH FLOW). FENN STATED THAT IF INCREASED AND REGULAR SUPPLY OF GOOD QUALITY MAIZE COULD BE ASSURED, RAFHAN COULD EXPAND ITS PLANT CAPACITY FROM PRESENT 150 TONS PER DAY TO 200 TONS WITH OWN RESOURCES. PLANT NORMALLY RUNS AT ABOUT 90 PERCENT CAPACITY.

SPENGLER

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